IN THE

Supreme Court of the United States

OCTOBER TERM, 1942.

No. 409

UNITED STATES GAUGE COMPANY,
Petitioner,

vs.

PENN ELECTRIC SWITCH COMPANY,
Respondent.

BRIEF OF RESPONDENT IN OPPOSITION TO PETITION FOR CERTIORARI.

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(See Appendix.)

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MAY IT PLEASE THE COURT:

Penn Electric Switch Company, respondent, for its brief in opposition to the petition for writ of certiorari, respectfully states:

The case is reported below—129 Fed. (2d) 166.

I.

Point 1 of the Reasons Relied on in the Petition Is Not a Sound Reason for Granting Certiorari.

The point made by petitioner is that the Court of Appeals held that venue in a suit for declaratory judgment, involving validity and infringement of a patent, is fixed by 28 U. S. Code 109, whereas venue in such cases is actually determined by 28 U. S. Code 112.

Respondent's answer is

First: That the Court of Appeals did not hold that venue is fixed by Section 109.

Second: Even if the Court of Appeals had found that venue is fixed by Section 109, such finding would not be ground for this Court to take the case, nor for reversal, because the lower Courts properly assumed venue jurisdiction under Section 112.

Respondent sued petitioner in the Northern District of Illinois, under 28 U. S. C. 400, for a declaratory judgment, holding claim 5 of Patent No. 1,972,815 void and not infringed (R. 2).

Respondent is a Corporation of Pennsylvania (and not an inhabitant of Illinois), but is licensed to do business in Illinois (R. 22).

It has a regular and established place of business in Chicago (R. 503).

The correctness of that finding is not questioned, nor is it questioned that the proper representative of petitioner-corporation was properly served.

Petitioner filed a motion to quash service and dismiss the complaint on the ground that the venue was wrong, because petitioner was not an inhabitant of the district (R. 10). The motion was denied on the belief that the Neirbo case (*Neirbo* v. *Bethlehem,* 308 U. S. 165) was controlling (R. 21).

Petitioner filed answer and counterclaim for infringement (R. 22).

The lower court held the patent void (R. 282).

Petitioner, on appeal, urged error in the ruling of the lower court that the suit was in the proper district, and that it had jurisdiction (R. 308).

The Court of Appeals affirmed (R. 501).

Petitioner's first Assignment of Error (its petition and brief, p. 11) and its first point relied on for allowance of the writ (its petition and brief, p. 2), may be treated together.

The first Specification of Error is that the Court of Appeals erred in

> "finding and holding that the venue of a declaratory judgment suit concerning the validity and scope of a patent is fixed by * * * 28 U. S. C. Sec. 109."

The Court of Appeals did not *say* that venue is fixed by Section 109. However, petitioner asserts in its petition, page 2, Point I, that the Court of Appeals found that petitioner

> "has a regular and established place of business in Chicago",

and that this shows that the Court regarded Section 109 as the pertinent venue statute.

As to this Assignment of Error, and this point relied on, the position of the respondent is:

First: That the Court of Appeals did not find that venue was fixed by Section 109.

As a matter of fact throughout the proceedings in this case, respondent has agreed with petitioner that venue was fixed by 28 U. S. C. 112, and no dispute on that issue was before the Court of Appeals.

The Court of Appeals had previously held that venue in a declaratory judgment suit concerning patents was determined by Section 112.

> *Webster Company* v. *Society for Visual Education, Inc.*, 83 Fed. (2d) 47.
>
> *E. Edelmann and Company* v. *Triple-A Specialty Company*, 88 Fed. (2d) 852.

The language of the Court of Appeals in ruling on the venue question in the present case is

"The motion to quash the service was also properly

> denied; because, on the facts shown, defendant was subject to service of process in Illinois. Defendant was licensed to do business in Illinois. It maintained a place of business in Chicago, which, under the facts was a 'regular and established place of business'" (R. 503).

The ruling which was thus affirmed was in the following language:

> "On the motion to quash service, the court thinks that the Neirbo Case is controlling" (R. 21).

In the case of *Neirbo Company et al.* v. *Bethlehem Shipbuilding Corporation, Ltd.*, 308 U. S. 165, the venue was determined by 28 U. S. C. 112.

There is no reason to assume that the Court of Appeals in sustaining the lower court intended to reverse itself on the proposition that venue in a declaratory judgment suit involving a patent is determined by Section 112. If the Court of Appeals had intended to reverse itself, it would have said so.

Second: Even if the decision of the Court of Appeals indicates belief that venue in this case was determined by Section 109, there is still no ground for certiorari and no ground for reversal because venue is determined in this case by Section 112, and the lower court properly had jurisdiction of the parties under that Section, and under the Neirbo case decision.

II.

Second Specification of Errors, and Second Point Relied On.

The second Specification of Errors (Petition and Brief, p. 11) is that the

> "* * * Court * * * erred in finding and holding that a corporation which registers to do business in a State in compliance with a law of that State has

waived its right to object to venue in a case in which the general jurisdiction of the Court is not based only on the diversity of citizenship of the parties * * *."

The second point relied on, is found on page 3.

Respondent's position is that the Assignment of Error is not ground for certiorari.

First: The Court of Appeals "finding and holding" was right, and

Second: Even if venue was not originally in the Northern District of Illinois, the petitioner waived its right to question venue when it filed its counterclaim and asked the lower Court for affirmative relief.

First: The Court of Appeals Was Right in Finding That U. S. Gauge Waived Its Right to Question Venue When It Registered to Do Business in Illinois.

The parties are in agreement that—

1. The Courts below had exclusive jurisdiction of the patent subject-matter under 28 U. S. C. 41 and 371.

2. Venue is fixed by 28 U. S. C. 112 in the district where defendant is an inhabitant.

This brings us to the point where the parties differ.

Petitioner's position has been stated above.

Respondent's position is that the *Neirbo Case* is governing, and that the petitioner foreign-corporation, which qualified to do business and appointed an agent for service in Illinois, waived its right to question the venue when sued in the Federal Court in Illinois.

Neirbo v. *Bethlehem,* 308 U. S. 156.

The principle of that decision makes it applicable whether the subject-matter jurisdiction is exclusively in the Federal Courts or not.

We believe the Neirbo decision is clearly to the effect that the consent extends to the Federal Courts for all cases in which they have subject-matter jurisdiction.

The Maryland District Court has so held, in

Vogel v. *Crown Cork and Seal Company, Inc.*, 36 F. S. 74 (U. S. D. C. Maryland, 1940).

This was a suit to obtain a patent under 35 U. S. C. 63.

Bennett v. *Standard Oil Company of New Jersey*, 33 F. S. 871 (U. S. D. C. Maryland).

This was a suit under the Jones Act, 46 U. S. C. 688.

The Circuit Court of Appeals for the Third Circuit in

The Crosley Corporation v. *The Westinghouse Electric and Manufacturing Co.*, 54 U. S. P. Q. 470 (Sept. 10, 1942),

clearly indicates its view that a patent declaratory judgment suit may be brought in the State where a foreign corporation has designated an agent for the service of a process and that the designation of such an agent amounts to a consent to be sued in the Federal District Court in that State.

Even if the Neirbo case does not clearly hold that the consent extends to suits of which the Federal Courts have exclusive jurisdiction, and the Supreme Court should now hold that the consent does so extend, there is no reason for reversing the lower court.

Second: The Petitioner Waived Its Right to Object to Venue When It Filed Its Counterclaim.

After petitioner's motion attacking venue had been denied, it filed a counterclaim alleging infringement and asking for affirmative relief in the form of an injunction, and an accounting (Petition and Brief, p. 2. R. 22).

By thus asking for affirmative relief, petitioner waived its right to claim the benefit of the venue statute.

Merchants' Heating and Light Co. v. *J. B. Clow & Sons,* 204 U. S. 286.

III.

Third Specification of Errors, and Third Point Relied On.

Petitioner's third Specification of Errors (Petition and Brief, p. 11) and third point relied on (p. 4) amounts in substance to the assertion that the Circuit Court of Appeals for tne Seventh Circuit erred in basing its holding and finding

> "on its hindsight judgment, rather than on the usual evidences of invention" (Petition and Brief, p. 11).
>
> "The existence of * * * indicia of invention are submitted to have been proven in this case.
>
> "Yet it was held that the patent * * * was void for lack of invention" (Petition and Brief, p. 4).

This is not a proper ground for the granting of a writ of certiorari.

There is no assertion that the Court of Appeals failed to give full consideration to all the evidence before it. Petitioner merely complained that the Court of Appeals affirmed the lower Court's refusal to make a large number of findings of fact concerning the commercial success of petitioner's patented device.

Commercial success is persuasive only where invention is in doubt.

Paramount Publix Corp. v. *American Tri-Ergon Corp.,* 294 U. S. 464 at 474.

In this case the opinion of the Court of Appeals shows that invention was not in doubt (R. 504).

Conclusion.

There is no conflict of decision,—no application of a wrong rule of law,—and no issue of fact properly reviewable in this Court.

We respectfully submit the petition should be denied.

PENN ELECTRIC SWITCH COMPANY,
By BAIR & FREEMAN,
Its Attorneys.

W. P. BAIR,
WILL FREEMAN,
Of Counsel.

Dated October 6, 1942.